

INFINITE FAMILY

**CONSOLIDATING FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION**

**DECEMBER 31, 2011
(Unaudited)**

INFINITE FAMILY

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors of
Infinite Family

We have reviewed the accompanying consolidating statement of financial position of Infinite Family (a not-for-profit organization) as of December 31, 2011, and the related consolidating statements of activities and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Organization's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the reviews in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the consolidating financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying consolidating financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Lutz + Carr, LLP

New York, New York
February 22, 2013

INFINITE FAMILY

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2011

(Unaudited)

	<u>Infinite Family</u>	<u>Infinite Family South Africa</u>	<u>Consolidating Entries</u>	<u>Consolidated Totals</u>
Assets				
Cash	\$ 48,305	\$ 1,732	\$ -	\$ 50,037
Accounts receivable	13,507	-	-	13,507
Prepaid expenses	218	-	-	218
Fixed assets, net of accumulated depreciation (Notes 1c and 5)	<u>4,499</u>	<u>-</u>	<u>-</u>	<u>4,499</u>
Total Assets	<u><u>\$ 66,529</u></u>	<u><u>\$ 1,732</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 68,261</u></u>
Liabilities and Net Assets				
Liabilities				
Accounts payable and accrued expenses	\$ 5,533	\$ -	\$ -	\$ 5,533
Loan payable (Note 6)	65,000	-	-	65,000
Total Liabilities	<u>70,533</u>	<u>-</u>	<u>-</u>	<u>70,533</u>
Net Assets				
Unrestricted	(9,004)	1,732	-	(7,272)
Temporarily restricted (Note 2)	5,000	-	-	5,000
Total Net Assets (Deficit)	<u>(4,004)</u>	<u>1,732</u>	<u>-</u>	<u>(2,272)</u>
Total Liabilities and Net Assets	<u><u>\$ 66,529</u></u>	<u><u>\$ 1,732</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 68,261</u></u>

See accompanying notes and independent accountants' review report.

INFINITE FAMILY
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2011
(Unaudited)

	<u>Infinite Family</u>	<u>Infinite Family South Africa</u>	<u>Consolidating Entries</u>	<u>Consolidated Totals</u>
Changes in Unrestricted Net Assets				
Revenue and Support				
Contributions (Note 4)	\$184,041	\$ 33,753	\$ (32,453)	\$ 185,341
Donated services (Note 3)	67,500	-	-	67,500
Benefit event income	3,189	-	-	3,189
Program income	27,668	-	-	27,668
Other income	2,453	17	-	2,470
Net assets released from restriction				
Satisfaction of time and program restrictions	10,600	-	-	10,600
Total Revenue and Support	<u>295,451</u>	<u>33,770</u>	<u>(32,453)</u>	<u>296,768</u>
Expenses				
Program Services	257,571	31,936	(33,145)	256,362
Supporting Services				
Management and general	26,892	-	-	26,892
Fundraising	33,414	-	-	33,414
Total Supporting Services	60,306	-	-	60,306
Total Expenses	<u>317,877</u>	<u>31,936</u>	<u>(33,145)</u>	<u>316,668</u>
Increase (Decrease) in Unrestricted Net Assets Before Item Below	<u>(22,426)</u>	<u>1,834</u>	<u>692</u>	<u>(19,900)</u>
Foreign currency translation adjustment	-	(102)	(692)	(794)
Increase (Decrease) in Unrestricted Net Assets	<u>(22,426)</u>	<u>1,732</u>	<u>-</u>	<u>(20,694)</u>
Changes in Temporarily Restricted Net Assets				
Contributions	10,000	-	-	10,000
Net assets released from restriction	(10,600)	-	-	(10,600)
Decrease in Temporarily Restricted Net Assets	<u>(600)</u>	<u>-</u>	<u>-</u>	<u>(600)</u>
Increase (decrease) in net assets	<u>(23,026)</u>	<u>1,732</u>	<u>-</u>	<u>(21,294)</u>
Net assets, beginning of year	19,022	-	-	19,022
Net Assets (Deficit), End of Year	<u>\$ (4,004)</u>	<u>\$ 1,732</u>	<u>\$ -</u>	<u>\$ (2,272)</u>

See accompanying notes and independent accountants' review report.

INFINITE FAMILY
CONSOLIDATING STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2011
(Unaudited)

	<u>Infinite Family</u>	<u>Infinite Family South Africa</u>	<u>Consolidating Entries</u>	<u>Consolidated Totals</u>
Cash Flows From Operating Activities				
Increase (decrease) in net assets	\$ (23,026)	\$ 1,732	\$ -	\$ (21,294)
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:				
Depreciation	7,919	-	-	7,919
(Increase) decrease in:				
Accounts receivable	(12,578)	-	-	(12,578)
Prepaid expenses	100	-	-	100
Increase in accounts payable and accrued expenses	5,000	-	-	5,000
Net Cash Provided (Used) By Operating Activities	<u>(22,585)</u>	<u>1,732</u>	<u>-</u>	<u>(20,853)</u>
Cash Flows From Investing Activities				
Purchase of fixed assets	(1,949)	-	-	(1,949)
Proceeds from sale of investment	928	-	-	928
Net Cash Used By Investing Activities	<u>(1,021)</u>	<u>-</u>	<u>-</u>	<u>(1,021)</u>
Cash Flows From Financing Activities				
Proceeds from loan borrowings	65,000	-	-	65,000
Increase in cash	41,394	1,732	-	43,126
Cash, beginning of year	6,911	-	-	6,911
Cash, End of Year	<u>\$ 48,305</u>	<u>\$ 1,732</u>	<u>\$ -</u>	<u>\$ 50,037</u>

See accompanying notes and independent accountants' review report.

INFINITE FAMILY**NOTES TO CONSOLIDATING FINANCIAL STATEMENTS****DECEMBER 31, 2011****(Unaudited)****Note 1 - Organization and Summary of Significant Accounting Policies****a - Organization**

Infinite Family ("IF") was incorporated as a not-for-profit corporation in New York State on December 29, 1998. IF's charitable mission is to work with local organizations in Africa to connect adult mentors worldwide with orphans and vulnerable children using video conferencing, e-mail, a secure internet site, and interactive tools and resources, to help the children learn to make good decisions, stay healthy, and develop academic and life skills. The adult volunteers essentially act as part-time mentors to African children who do not have adult guidance in their lives primarily as a result of the ravages of HIV/AIDS and poverty. Technology-based communication tools provide the platform for this interaction.

b - Principles of Consolidation

The accompanying consolidating financial statements include the accounts of IF and Infinite Family South Africa ("IF-SA") (a related foreign non-for-profit corporation), which was formed in November 2010. All significant intercompany transactions have been eliminated.

c - Property and Equipment

Property and equipment are recorded at cost. Depreciation is provided on a straight-line basis over the estimated useful lives of the related assets.

d - Financial Statement Presentation

IF reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

e - Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

f - Grants and Contributions

Grants and contributions are recognized when the donor makes a promise to give to IF that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are classified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

INFINITE FAMILY
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS

DECEMBER 31, 2011
(Unaudited)

Note 1 - Organization and Summary of Significant Accounting Policies (continued)

g - Tax Status

Infinite Family is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been designated as an organization which is not a private foundation. Management has evaluated all income tax positions and concluded that no disclosures related to uncertain tax positions are required in the financial statements. IF's tax returns for years prior to 2009 are generally no longer subject to examination by taxing authorities.

Infinite Family South Africa was formed as a charitable trust under the laws of South Africa. Accordingly, it is subject to separate filing and reporting requirements in its country of formation.

h - Subsequent Events

Infinite Family has evaluated subsequent events through February 22, 2013, the date that the financial statements are considered available to be issued.

Note 2 - Temporarily Restricted Net Assets

Temporarily restricted net assets at December 31, 2011 are restricted to future programs and periods.

Note 3 - Donated Services

During the year ended December 31, 2011, IF recorded donated services of \$67,500, which consisted of professional fees valued at \$15,000 and the salary of the chief executive officer valued at \$52,500.

Note 4 - Concentration

During the year ended December 31, 2011, IF received contributions from two donors which represented approximately 34% of total contributions.

INFINITE FAMILY
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
DECEMBER 31, 2011
(Unaudited)

Note 5 - Property and Equipment

Property and equipment consists of the following:

	<u>Life</u>	<u>Amount</u>
Computer hardware and software	5 years	\$51,757
Website	5 years	5,500
Office equipment	5 years	<u>4,614</u>
		61,871
Less: Accumulated depreciation		<u>(57,372)</u>
		<u>\$ 4,499</u>

Depreciation expense for the year ended December 30, 2011 was \$7,919.

Note 6 - Loan Payable

IF entered into a loan agreement with the chief executive officer for an amount up to \$75,000, bearing interest on the outstanding principal at 3% per annum, payable semi-annually beginning in February 2012. Full payment is due 180 days following demand by lender, but in no event earlier than February 2013. As of December 31, 2011, IF had \$65,000 outstanding under this agreement.

Note 7 - Functional Allocation of Expenses

The cost of providing the various program and supporting services has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting services in reasonable ratios determined by management.

SUPPLEMENTARY INFORMATION



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**INDEPENDENT ACCOUNTANTS' REVIEW REPORT
ON SUPPLEMENTARY INFORMATION**

To the Board of Directors of
Infinite Family

Our report on our review of the consolidating financial statements of Infinite Family for 2011 appears on page 1. That review was made primarily for the purpose of expressing a conclusion that there are no material modifications that should be made to the consolidating financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America. The supplementary information included in the accompanying Consolidating Schedule of Functional Expenses for the year ended December 31, 2011 is presented for purposes of additional analysis and is not a required part of the consolidating financial statements. Such information has been subjected to the inquiry and analytical procedures applied in the review of the consolidating financial statements, and we did not become aware of any material modifications that should be made to such information.

Lutz + Carr, LLP

New York, New York
February 22, 2013

INFINITE FAMILY

CONSOLIDATING SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2011
(Unaudited)

	Infinite Family				Infinite Family	Consolidating	Consolidated
	Program	Supporting Services		Total	South Africa		
	Services	Management and General	Fundraising		Program Services	Entries	Totals
Salaries	\$112,000	\$ 10,500	\$ 10,500	\$133,000	\$ 20,150	\$ -	\$ 153,150
Payroll taxes and benefits	20,313	2,322	2,322	24,957	-	-	24,957
Professional fees	55,303	2,774	12,474	70,551	-	-	70,551
Stipends	-	-	-	-	3,153	-	3,153
Accounting and bookkeeping	239	6,083	-	6,322	-	-	6,322
Grants	33,145	-	-	33,145	5,135	(33,145)	5,135
Equipment and maintenance	-	-	-	-	444	-	444
Office supplies	4,408	197	725	5,330	706	-	6,036
Insurance	-	1,625	-	1,625	-	-	1,625
Marketing	1,050	-	263	1,313	-	-	1,313
Program expenses	1,725	-	-	1,725	-	-	1,725
Client services	6,609	-	-	6,609	-	-	6,609
Telephone, internet and technology	6,557	317	54	6,928	744	-	7,672
Postage and printing	608	115	2,746	3,469	-	-	3,469
Travel	7,071	322	2,492	9,885	484	-	10,369
Event expenses	55	-	1,270	1,325	-	-	1,325
Depreciation	7,525	47	347	7,919	-	-	7,919
Miscellaneous expense	963	2,590	221	3,774	1,120	-	4,894
Total Expenses	<u>\$257,571</u>	<u>\$ 26,892</u>	<u>\$ 33,414</u>	<u>\$317,877</u>	<u>\$ 31,936</u>	<u>\$ (33,145)</u>	<u>\$ 316,668</u>

See independent accountants' review report on supplementary information.